CONFIDENTIAL

Account Information Packet

SALEM Market

New York City

The purpose of this document is to provide account information regarding the new SALEM Marketing Initiative.

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Source: https://www.industrydocuments.ucsf.edu/docs/szxn0000

SALEM New York City Market

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SALEM New York City Market

Introductory Timetable

Weeks to DTS		Dates
9	Manage Down Old Pack Graphic Product	Sept 1 - Oct 5
8	Direct Account Managers Meeting	Sept 12
8	Fact Sheets and Gratis Product Available	Sept 12
7	Presentations Begin	Sept 15
6	Onserted Product Begins Shipping to Direct Account	Sept 22
5	Sales Kick-Off Meeting	Sept 29
4	First Order New Graphic Product (including 30¢ tear tape) by Direct Account	Oct 6
4	New Brands Entered Into SIS Brand Tables	Oct 6
4	POS/PDI Available for Order	Oct 6
4	Aggressive Discount Period Old Graphic Product	Oct 6 - Nov 3
3	First Order of B1G1F Product to Direct Accounts	Oct 13
0	DTS	Nov 3

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SALEM New York City Market

Introductory Fact Sheet

Announcement

A new marketing initiative will begin November 3, 1997, in the city of New York (Queens, Manhattan, Staten Island, Nassau, Bronx, Brooklyn). This initiative will consist of three line extensions to the SALEM brand family, as well as new packaging for all styles.

Product

SALEM will be available in 11 total style variations. Three new styles have been added in box packaging, each with cork filter tipping to broaden consumer appeal:

- SALEM Full Flavor 82MM Slide Box
- SALEM Lights 82MM Slide Box
- SALEM Full Flavor 100MM Flip Top Box

SALEM Gold Box will no longer be available in New York City.
SALEM Custom Case Light 100s has been renamed SALEM Lights 100s Flip Top Box.

Pricing

List pricing and terms will be the same as current styles of SALEM.

Packaging

- New graphic packaging will replace current graphics on both packs and cartons.
  A transition program to ensure efficient product flow through is detailed on Page 3.

- SALEM's new Slide Box will be featured on the new Full Flavor and Lights 82MM products.

Promotional Support

- SALEM's new initiative will be supported with high retail awareness and trial-generating programs throughout the introductory period.

- Impactful point-of-sale material in conjunction with package display programs will create awareness and generate trial.

- Each style of SALEM will be credited toward the Full Price SOM objectives for our Wholesale Partners program.

Tar and Nicotine

New SALEM Box styles' tar and nicotine levels are not significantly different from the current SALEM.

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SALEM New York City Market

Product Transition

Proper rotation of the direct account is critical so that our liability in returned goods is minimized. Please make this a top priority during your Direct Account coverage.

Current graphics product will receive "onserts" that will be affixed to the back of each pack at the point of manufacture. The purpose of the onsert is to inform current SALEM consumers that their package will have a brand new look while reassuring them that their cigarette has not changed. The onsert will also introduce the additional two new Slide Box styles. Onsert product will be available for two weeks of normal inventory. and will automatically begin shipping to Direct Accounts on 9/22/97.

Onserted product will be packed in specially marked cases in the current style configuration of 12M/6M size. Only the **case UPC code** is changing, as noted on Page 4.

New graphics product will be available for first order by Direct Account on 10/6/97. **As of this date, only new graphics product will be shipped.** This new graphics product will utilize the same case UPC code as assigned to the onsert product. New graphics product will be easily distinguishable with bold green striping on the outer case. It will also be packed in the current 12M/6M style configuration. Pack and carton UPC codes will remain the same as current SALEM styles. Please carefully review UPC coding on page 5.

NOTE: Beginning with orders for the new graphics product on 10/6/97, you have the option to order 30¢ per pack/$3 per carton off-invoice, tear-tape product on the four box styles of Full Flavor Slide Box, Lights Slide Box, Full Flavor 100 Flip Top Box, and Lights 100 Flip Top Box. See promotion information on page 6 for detailed information.

We have designed our program in this manner to aid the wholesaler, retailer, and consumer in a smooth and efficient product transition.

Here is how you can help:

- Monitor and manage down slower-moving styles of SALEM.
- Work closely with your RJR Account Representative during the transition period of 9/1/97 through 10/5/97 to ensure sufficient inventory for your customers while preventing out-of-stocks.
- Our goal is > 80% distribution of new graphics product by 11/3/97. Your assistance in inventory management and product rotation is essential and greatly appreciated.

It is critical that a plan is put into place to minimize our liability on returned goods in all direct accounts.

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SALEM New York City Market

UPC Information

Onserted "Current Graphics" Product

Configuration	Case UPC *(Changed from current SALEM)*	Carton UPC (Not changed from current SALEM)	Pack UPC (Not changed from current SALEM)
FF 85 Soft Pack	***000 12300 23551 8***	0 12300 12013 5	0 123203 8
FF 100 Soft Pack	***000 12300 23552 5***	0 12300 12213 9	0 123223 2
LT 85 Soft Pack	***000 12300 23555 6***	0 12300 12413 3	0 123243 6
LT 100 Soft Pack	***000 12300 23556 3***	0 12300 12513 0	0 123253 3
ULT 85 Soft Pack	***000 12300 23559 4***	0 12300 12813 1	0 123283 4
ULT 100 Soft Pack	***000 12300 23560 0***	0 12300 12913 8	0 123293 1
Slim Lts F 100 Box	***000 12300 23557 0***	0 12300 12613 7	0 123263 0

*LT 100 Custom Case was not included due to low quantities.

This product is not allocated. It will automatically be shipped to test market Direct Accounts on 9/22/97.

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SALEM New York City Market

UPCs/Dimensions—New Graphics Product

Configuration	UPC	Length (in)	Width (in)	Height (in)	Cube (ft3)	Weight
FF 85 Soft Pack						
Pack	0 12300 123203 8	2.0625	0.84375	3.375	0.003398895	0.787 oz
Carton	0 12300 12013 5	10.625	1.78125	3.4375	0.037648943	8.67 oz
Case (12M)	*000 12300 23551 8*	17.625	11.0625	21.6875	2.447079976	33.5 lbs
FF 100 Soft Pack						
Pack	0 12300 123223 2	2.0625	0.84375	4.0000	0.00402832	0.933 oz
Carton	0 12300 12213 9	10.625	1.78125	4.03125	0.044151942	10.13 oz
Case (12M)	*000 12300 23552 5*	20.5625	11.0625	21.6875	2.854926639	39.0 lbs
LT 85 Soft Pack						
Pack	0 12300 123243 6	2.0625	0.84375	3.375	0.003398895	0.787 oz
Carton	0 12300 12413 3	10.625	1.78125	3.4375	0.037648943	8.67 oz
Case (12M)	*000 12300 23555 6*	17.625	11.0625	21.6875	2.447079976	33.5 lbs
LT 100 Soft Pack						
Pack	0 12300 123253 3	2.0625	0.84375	4.0000	0.00402832	0.933 oz
Carton	0 12300 12513 0	10.625	1.78125	4.03125	0.044151942	10.13 oz
Case (12M)	*000 12300 23556 3*	20.5625	11.0625	21.6875	2.854926639	39.0 lbs
LT 100 Box	**(Formerly Custom Case)**					
Pack	0 12300 123723 7	2.21875	0.9375	3.96875	0.004777379	1.067 oz
Carton	0 12300 17213 4	11.125	1.875	4.0625	0.049040053	11.47 oz
Case (6M)	*000 12300 23558 7*	20.625	11.6875	11.6875	1.630397373	22.0 lbs
ULT 85 Soft Pack						
Pack	0 12300 123283 4	2.0625	0.84375	3.375	0.003398895	0.787 oz
Carton	0 12300 12813 1	10.625	1.78125	3.4375	0.037648943	8.67 oz
Case (6M)	*000 12300 23559 4*	17.625	11.0625	11.125	1.255274	16.0 lbs
ULT 100 Soft Pack						
Pack	0 12300 123293 1	2.0625	0.84375	4.0000	0.00402832	0.933 oz
Carton	0 12300 12913 8	10.625	1.78125	4.03125	0.044151942	10.13 oz
Case (12M)	*000 12300 23560 0*	20.5625	11.0625	21.6875	2.854926639	39.0 lbs
Slim Lts F 100 Box						
Pack	0 12300 123263 0	2.09375	0.84375	3.96875	0.004	0.947 oz
Carton	0 12300 12613 7	10.5	1.78125	4.03125	0.044	10.27 oz
Case (12M)	*000 12300 23557 0*	20.5625	10.9375	21.5	2.798264115	39.5 lbs
FF 82 Slide Box (New)						
Pack	0 123753 8	2.2175	0.9055	3.4055	0.004	0.933 oz
Carton	0 12300 17513 5	11.185	1.9527	3.437	0.043	10.13 oz.
Case (6M)	*000 12300 23553 2*	17.5625	12.1875	11.7500	1.455	19.8 lbs.
Lts 82 Slide Box (New)						
Pack	0 123763 5	2.2175	0.9055	3.4055	0.004	0.933 oz
Carton	0 12300 17613 2	11.185	1.9527	3.437	0.043	10.13 oz.
Case (6M)	*000 12300 17606 4*	17.5625	12.1875	11.7500	1.455	19.8 lbs.
FF 100 Box (New)						
Pack	0 12300 24070 3	2.21875	0.9375	3.96875	0.004777379	1.067 oz
Carton	0 12300 24071 0	11.125	1.875	4.0625	0.049040053	11.47 oz
Case (6M)	*000 12300 24072 7*	20.625	11.6875	11.6875	1.630397373	22.0 lbs

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SALEM New York City Market

Promotional Penetration

Buy One Get One Free (Promotion #700907)

To **generate trial** of the new SALEM Slide Box product, a B1G1F promotion has been designed for the two Slide Box styles. This allocated product will be available in a 75% Full Flavor, 25% Lights ratio, which should be strictly adhered to. (SKU is 6 cartons FF, 2 cartons LT.)

All B1G1F product will be shipped in white cartons. Product has been banded and presleeved, minimal direct account labor is necessary. B1G1F product is available for direct account order on 10/13/97 (three weeks prior to DTS). B1G1F product has been predeployed to bonded warehouses in your area, so delivery is next day.

A separate small B1G1F display kit is available (item #535220). The kit contains preassembled display, small paster, dual-sided (B1G1F/30¢) starburst, and retailer instruction sheet announcing $10 payment. It is available for shipping 9/26/97 and may be ordered to direct account, retail account, or warehouse, etc. **Product is not placed in the display kit and must be shipped separately (this was requested by Field Sales to allow flexibility in account product quantities).** Remember: the 75% FF/25% LT ratio must be maintained!

This semi-permanent display is made of durable construction and should accommodate tear tape product after B1G1F product has sold through. A **$10 monthly payment** has been established, and your objective should be to maintain this display as close to the cash register as possible through the end of December. Specific promotion information is as follows:

SALEM Test Market B1G1F (allocated; promotion #700907)

Style	Case UPC	Avail for Order
Full Flavor Slide Box	17526	10/13/97
Lights Slide Box	17626	10/13/97
**Same Pack UPC as new graphics product.*		
Promotional B1G1F Sleeve UPC code: 12300-70382		
Semi-permanent Display Kit	Item # 535220	9/26/97
Kit contains display, paster, starburst, and retailer instruction sheet.		

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SALEM New York City Market

Promotional Penetration

30¢ Off Tear-Tape Product (Promotion #700928) (Box Styles Only)

The four box styles are new distribution (Custom Case is being renamed Lights Box 100). Field Sales input strongly recommended that these new styles be discounted for the first two months to gain and maintain product availability. Tear tape discounting was added at the point of manufacture to eliminate stickering and to convey an "introductory" discount message. Tear tape product will be shipped to Direct Accounts off invoice (list price less $3 a carton).

Beginning with orders for the new graphics product on 10/6/97, you have the option to order 30¢ per pack, $3 per carton tear-tape product. This promotion (#700928) is allocated, yet sufficient product has been made to last through year end. As noted below, tear tape product is only available on the four box styles not currently in distribution. A smaller amount of non-tear tape product is being made available on the four box styles for accounts that must have it. You are strongly encouraged to utilize tear tape product versus on-pack stickering.

RJR Account Managers must place orders for tear-tape product; direct accounts placing orders for any of the four box styles will receive unpromoted product.

SALEM Test Market $30/Pack (promotion #700928)

Style	Case UPC	Avail for Order
Full Flavor Slide Box	24156	10/6/97
Lights Slide Box	24157	10/6/97
Full Flavor 100 Flip Top Box	24667	10/6/97
Lights 100 Flip Top Box	24665	10/6/97
**Pack and carton UPC same as new graphics product.*		
Semi-permanent Display Kit	Item # 535220	10/6/97
**Same kit as B1G1F on page 6.*		

Note: Tear tape product styles will ship in standard brown cases. Cases are identified with a green sticker on the outside of the case.

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SALEM New York City Market

Promotional Penetration (DPC)

To penetrate low volume accounts, a DPC promotion has been created using the same 30¢ tear tape product as noted on page 7.

The DPC display is designed to accommodate two cartons (one Full Flavor Slide Box and one Lights Slide Box). The 20-pack unit utilizes the same prepack construction as your current unit in a special black display. A 30¢ off riser card is included.

SALEM DPC

20-Pack Shipper Display	**Item #528932**	**Available for shipment 10/6/97**
*Remember to utilize the 30¢ off tear tape product in a configuration of one carton Full Flavor Slide Box and one carton Lights Slide Box!		
*Normal DPC payments apply.		

Hand Held Codes for all Promotions:

Table 1

HH Description	Display Size	Start Date	End Date	Comments
SAL NY .30 DPC4Q	1	11/3/97		ROU use only
SAL $10 DISP NY	1	11/3/97	4/3/98	
SAL NOV B1G1F NY	20	11/3/97	1/2/98	Will be entered from VAP list at ROU

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SALEM New York City Market

Direct Account Disruption Allowance

In an effort to compensate our direct accounts for the changes they have made in their systems to accommodate the new SALEM UPC case codes for the New York City Market, the following payments will be made to these accounts:

- A payment of $15 per 12M case on one week's average SALEM business or a minimum payment of $500 on SALEM product (no additional terms) will be paid to direct accounts that set up the new SALEM UPC case codes and maintain the old SALEM UPC case codes. These direct accounts service stores outside the test market and will need to carry dual inventories.

- A payment of $7.50 per 12M case on one week's average SALEM business or a minimum payment of $250 on SALEM product (no additional terms) will be paid to direct accounts that convert and carry exclusive new graphic SALEM product.

Payment Method

All payment will be made through Customer Service via Credit Memorandum.

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SALEM New York City Market

Returned Goods Procedures

Our program has been designed to aid the wholesaler, retailer, and consumer in a smooth and efficient product transition. Account Managers should strive to communicate with the direct accounts during the 9/1/97 through 10/5/97 transition period to ensure sufficient inventory while preventing out of stocks. Our representatives will be rotating, displaying, and aggressively discounting old packaging at retail.

"Onserted" product will begin shipping from bonded warehouses on Monday, 9/22/97, through Friday, 10/3/97. Two weeks of onserted product has been produced and should sufficiently cover this period. On Monday, 10/6/97, only new graphics product will be shipped from the bonded warehouses. Should an account run out of onserted product prior to 10/6/97, they will begin shipping new graphic product early.

On the 10/6/97 cutoff date, you may return all unstamped complete cases of onserted product from direct accounts. Bonded warehouses will also be returning onserted product on this date. Stamped onserted product left at direct accounts should be immediately sold to high-volume retail accounts and RJR reps contacted for discounting.

During your first contact with the direct account, we recommend that you go through a discovery process to find out what systems/procedures can best be utilized to assist in the rotation of SALEM. (Remember: with rotation, it's probably more effective to gain the cooperation of backroom personnel than it is to convince the manager.)

Some questions you might ask:

- Who receives product into the warehouse?
- Do work a first in-first out" process, or are the cigarettes pulled off the truck used to fill orders first?
- Is there an individual responsible for the rotation of cigarettes?
- Can a temporary, separate staging area be set up for new SALEM that is utilized until the current blend/packaging sells through?
- What systems do you use to aid in product rotation with other products?

It is critical that a plan is put into place to minimize our liability on returned goods in all direct accounts.

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SALEM New York City Market

Point-of-Sale Materials

SALEM POS/PDI/Display Menu

Available for order 10/6/97:

Item #	Qty	Description	SKU Pack
531863	1,075	APD Large Card (tear pad)	1
531845	1,075	APD Small Card	1
531842	2,150	APD Tray Strip	1
522965	14,750	Small display channel strip	1
522974	6,700	Large Paster (Launching Orb)	1
536222	6,700	Large Paster (Global Cooling))	1
536225	6,700	Large Paster (Smoked Not Stirred)	1
522971	17,200	Small Horizontal Paster	1
522983	8,600	24" Pkg Mdsr Card	1
514595	3,100	19" Canopy Card (tear pad)	1
522992	3,100	19" Canopy Card (fuzzy orb)	1
514580	24,500	Large Starburst	1
523001	24,500	Small Starburst	1
530225	1,075	16" Pkg Mdsr Card	1
535451	6,000	Push Pack (Teaser)	1
530540	6,000	Push Pack (SALEM)	1
527993	1,250	Ceiling Dangler	1
	PDI MENU		
528005	5,000	Counter change mat	1
527972	4,300	2' X 4' Formed Banner	1
528032	25,000	Door/Window Decal	1
529355	18,447	Orb Decal - Small	1

(PDI menu will be drop shipped on 10/20/97.)

	DISPLAYS MENU		
535220	4,000	Temp Display	1
528932	9,000	20-Pack DPC Display	1
528935	9,000	DPC Header Cards	1
	OTHER		
530222	7,500	Tear Pads (for 19" CD & APD CD)	1
514604	163,500	Dual Sided (B1G1F/$.30) Starburst	1

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